

Late Backup

ORDINANCE NO. 20080522-012

File
forward
5-22-08

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO REFINANCE THE OUTSTANDING BALANCE OF THE SECTION 108 HUD LOAN (B-94-MC-48-0500) FOR THE MILLENIUM YOUTH CENTER.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. The Council finds that:

(A) Pursuant to Ordinance No. 960718-G adopted July 16, 1996 (the "Authorizing Ordinance"), the City of Austin previously obtained the Section 108 Housing and Urban Development (HUD) loan (B-94-MC-48-0500) (Section 108 HUD Loan) for \$8,785,000 for the purpose of constructing the Millennium Youth Center in east Austin.

(B) The Section 108 HUD Loan was set up on a 20 year note and it currently has an outstanding balance of approximately \$4,860,000 plus \$1 26 million in interest payments

(C) HUD notified the City on May 7, 2008 that the City needed to complete certain documents so that the City could refinance the Section 108 HUD Loan as part of a June 5, 2008 Public Offering.

(D) The aggregate principle amount being refinanced is \$4,410,000.

(E) If the rate on the refinanced note is at or below 5.0%, the City will save a minimum of \$271,313 in interest expense through the term of the loan by completing this refinancing. Thus, City Council finds that execution of this refinancing serves a public purpose because it will lower the interest rate on this debt and achieve debt service savings. The City Council finds that it is the best interest of the City to complete the refinance of the Section 108 HUD Loan (B-94-MC-48-0500).

(F) HUD requires the City to complete and execute the following documents: a note, a contract for loan guarantee assistance, a legal opinion, wire transfer documents, and any other documents needed to obtain Texas Attorney General approval, and HUD authorization to complete this refinancing.

(G) This Ordinance supplements Ordinance No. 960718-G and is being adopted to authorize the City Manager to take action to lower the interest rate the City will pay as it completes the repayment of the Section 108 HUD Loan approved by Ordinance No. 960718-G.

(H) The City is authorized to execute and deliver the refinanced note pursuant to Chapter 373 of the Texas Local Government Code. To the extent necessary, City Council also finds that the City is authorized to complete this transaction under the authority of Chapter 1207 of the Texas Government Code.

PART 2. AUTHORIZATION.

(A) The City authorizes, ratifies and approves the refinancing of the Section 108 HUD Loan. The Mayor, the City Manager, the Director of Neighborhood Housing and Community Development, the Chief Financial Officer of the City and all other officers of the City (Authorized Officers) are authorized and directed to take all actions necessary or desirable to effect such refinancing in accordance with the provisions of this ordinance and the Authorizing Ordinance

(B)The City authorizes, ratifies and approves the refinanced note between the City and HUD in substantially the form attached as Exhibit A. This authorization is specifically conditioned on the rate for the refinanced note being at or below 5.0%. The Authorized Officers are authorized to execute and deliver the refinanced note, with such changes as may be approved by an Authorized Officer. The execution of the refinanced note is conclusive evidence the City Council approved the refinanced note.

(C) The City authorizes, ratifies and approves the contract between the City and HUD relating to the refinanced note in substantially the form attached as Exhibit B. The Authorized Officers are authorized to execute and deliver the contract relating to the refinanced note, on the condition that the rate for the refinanced note is at or below 5.0%, with such changes as may be approved by an Authorized Officer. Execution of the contract relating to the refinanced note is conclusive evidence the City Council approved the contract relating to the refinanced note.

PART 3. SEVERABILITY. If any part, paragraph, clause or provision of this Ordinance is for any reason held to be invalid or unenforceable, the invalidity or unenforceability of such part, paragraph,

clause or provision shall not affect any of the remaining provisions of this Ordinance.

PART 4. OPEN MEETING. The City posted sufficient written notice of the date, hour, place and subject of the meeting of the City Council at which this Ordinance was adopted at a place convenient and readily accessible at all times to the general public at the Austin City Hall for the time required by the Open Meetings Act, Chapter 551, Texas Government Code. This meeting has been open to the public as required by law at all times during which this Ordinance and its subject matter were discussed, considered and formally acted upon. The City Council ratifies, approves and confirms the written notice, the contents and posting.

PART 5. EFFECTIVE IMMEDIATELY Notwithstanding the provisions of the City Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code, as amended.

PART 6. REPEALER. All orders, resolutions and ordinances, or their parts, that are inconsistent with this Ordinance are repealed only to the extent needed to eliminate the inconsistency.

[Execution Page Follows]

PASSED AND APPROVED

_____, 2008 §
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 § _____
 Will Wynn
 Mayor

APPROVED. _____
 David Allan Smith
 City Attorney

ATTEST: _____
 Shirley A. Gentry
 City Clerk